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**SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date ~~DEC 1 1999~~ DEC 15 1999

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
TABLE OF CONTENTS
JUNE 30, 1999

	<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>PAGE</u>
Board of Directors	-	-	1
Independent Auditors' Report	-	-	2
Financial Statements			
Statement of Financial Position	A	-	3
Statement of Activities	B	-	4
Statement of Cash Flows	C	-	5
Statement of Functional Expenses	D	-	6
Notes to the Financial Statements	-	-	8
Group Homes			
Statement of Financial Position	-	1	14
Statement of Activities	-	2	15
Statement of Cash Flows	-	3	16
Statement of Functional Expenses	-	4	17
Adult Habilitation Program			
Statement of Financial Position	-	5	18
Statement of Activities	-	6	19
Statement of Cash Flows	-	7	20
Statement of Functional Expenses	-	8	21
Sheltered Workshop			
Statement of Financial Position	-	9	22
Statement of Activities	-	10	23
Statement of Cash Flows	-	11	24
Statement of Functional Expenses	-	12	25
Schedule of Compensation to Board Members	-	13	27
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	-	-	28
Summary Schedule of Prior Audit Findings	-	14	29
Corrective Action Plan for Current Year Audit Findings	-	15	30

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
BOARD OF DIRECTORS
JUNE 30, 1999

President	Pete Abington
Vice-President	Kenneth Freeman
Secretary	Marguerite Spears
Treasurer	Mary Hariel
Board Members	Dennis Bishop Kathreen Green Gene Hubley Anna Lites Gloria Ruffin

Assistant Director	Wayne Martinez
Executive Director	James Haley

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sabine Association for Retarded Citizens, Inc.
Many, Louisiana 71449

We have audited the accompanying statement of financial position of the Sabine Association for Retarded Citizens, Inc., (a non-profit organization) as of June 30, 1999, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sabine Association for Retarded Citizens, Inc., as of June 30, 1999, and the changes in its net assets, cash flows, and functional expenses for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 17, 1999, on our consideration of the Sabine Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Sabine Association for Retarded Citizens, Inc., Many, Louisiana, taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Hines, Jackson & Hines
Natchitoches, Louisiana
November 17, 1999

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

ASSETS	
Cash	\$ 434,804
Receivables	
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	201,152
Contract work	92,490
Other	12,261
Intercompany receivable	514,385
Inventory	34,995
Prepaid expenses	3,165
Deposits	1,465
Community residential development cost	43,399
Property and equipment, net	<u>634,629</u>
 Total Assets	 \$ <u>1,972,745</u>
 LIABILITIES	
Accounts payable	
Trade	\$ 51,770
Compensation	62,757
Payroll taxes	4,535
Property taxes	1,420
Commissions	1,380
Accrued interest	714
Accrued provider fees	10,091
Intercompany payable	514,385
Long-term debt	<u>308,675</u>
 Total Liabilities	 955,727
 NET ASSETS	
Unrestricted	956,285
Temporarily restricted	<u>60,733</u>
 Total Net Assets	 <u>1,017,018</u>
 Total Liabilities and Net Assets	 \$ <u>1,972,745</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1999

UNRESTRICTED NET ASSETS

Support	
Medicare	\$ 1,619,529
Patient liability	106,548
Contract Work	454,821
Adult Day Service Fees, State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	319,406
State of Louisiana, Department of Social Services-LRS	5,474
Rentals	13,250
Intercompany transfers	192,679
Louisiana Department of Transportation and Development-Grant	22,354
Group Homes	239,249
Supported Independent Living	39,804
Other	21,923
Net Assets Released from Restrictions	
Depreciation on restricted assets	<u>15,306</u>
 Total Revenues, Gains and Other Support	 3,050,343
 EXPENSES	
Program Services	2,095,967
Management and General	604,345
Intercompany transfers	<u>192,679</u>
 Total Expenses	 <u>2,892,991</u>
 Increase in Unrestricted Net Assets	 157,352
TEMPORARILY RESTRICTED NET ASSETS	
Current depreciation on restricted assets	<u>(15,306)</u>
 Increase/(Decrease) in Temporarily Restricted Net Assets	 <u>(15,306)</u>
 INCREASE IN NET ASSETS	 142,046
NET ASSETS, Beginning of year	<u>874,972</u>
NET ASSETS, End of year	<u>\$ 1,017,018</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 142,046
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	80,979
Gain on sale of assets	(3,000)
(Increase)/decrease in operating assets	
Receivables	(7,773)
Inventory	(987)
Prepaid expenses	14,067
Increase/(decrease) in operating liabilities	
Accounts payable	
Trade	(6,778)
Compensation	6,496
Payroll taxes	803
Property taxes	(174)
Commissions	(1,376)
Accrued interest	(1,019)
Accrued provider fees	<u>(2,028)</u>
Net Cash Provided By/(Used In) Operating Activities	221,256
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, buildings and equipment	(50,692)
Proceeds from sale of equipment	<u>3,000</u>
Net Cash Provided By/(Used In) Investing Activities	(47,692)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal repayments on long-term debt	<u>(60,420)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>(60,420)</u>
NET INCREASE IN CASH	113,144
CASH, Beginning of year	<u>321,660</u>
CASH, End of year	<u>\$ 434,804</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES			
Salaries	\$ 860,455	\$ 319,545	\$ 1,180,000
Payroll taxes	64,429	23,266	87,695
Workman's compensation insurance	4,586	29,690	34,276
Employee benefits	<u>16,050</u>	<u>8,928</u>	<u>24,978</u>
Total Compensation And Related Expenses	945,520	381,429	1,326,949
OCCUPANCY EXPENSES			
Depreciation	41,679	270	41,949
Insurance	6,609	3,098	9,707
Interest	28,233	823	29,056
Property taxes	0	2,685	2,685
Rent	0	29,127	29,127
Repairs and maintenance	30,708	20,195	50,903
Utilities	<u>34,311</u>	<u>14,674</u>	<u>48,985</u>
Total Occupancy Expenses	141,540	70,872	212,412
TRANSPORTATION EXPENSES			
Fuel and oil	38,509	4,147	42,656
Depreciation	22,570	2,549	25,119
Insurance	6,824	12,121	18,945
Lease expense	<u>27,204</u>	<u>0</u>	<u>27,204</u>
Total Transportation Expenses	95,107	18,817	113,924
OTHER EXPENSES			
Bad debt	568	0	568
Central office expense	198,523	58,161	256,684
Client recreation	2,621	0	2,621
Clothing and other personal items	22,681	0	22,681
Commissions	6,503	0	6,503
Contract services	111,234	0	111,234
Depreciation	11,433	2,478	13,911
Dues	334	1,992	2,326
Food	105,940	0	105,940
Insurance	2,766	8,403	11,169
Interest	0	1,669	1,669
License	3,807	15	3,822
Leases	<u>\$ 1,146</u>	<u>\$ 0</u>	<u>\$ 1,146</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
OTHER EXPENSES (CONTINUED)			
Materials	\$ 188,298	\$ 0	\$ 188,298
Other	5,355	1,758	7,113
Postage	0	2,065	2,065
Professional fees	15,948	24,798	40,746
Provider fees-DHH	124,425	0	124,425
Repairs and maintenance	34,657	4,464	39,121
Supplies	74,788	15,591	90,379
Telephone	2,752	9,347	12,099
Training	0	1,748	1,748
Travel	21	738	759
	<u>913,800</u>	<u>133,227</u>	<u>1,047,027</u>
Total Other Expenses			
	<u>\$ 2,095,967</u>	<u>\$ 604,345</u>	<u>\$ 2,700,312</u>
Total Functional Expenses			

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Sabine Association for Retarded Citizens, Inc., is a quasi-governmental, nonprofit organization incorporated August 13, 1970, whose purpose is to a) promote the general welfare of mentally retarded citizens everywhere (at home, at school, in the community, and in institutions), b) aid the parents and families of mentally retarded citizens in the solution of personal, family and social problems arising from mental retardation, c) cooperate with all public and private agencies, organizations, groups and individuals working for the welfare of mentally retarded citizens, d) promote through dissemination of information to the general public, a fuller and more sympathetic understanding of the problems of mental retardation, their wide prevalence, and consequential social implications, e) help provide facilities for evaluation, care, treatment, education and employment of mentally retarded citizens, f) research into all phases of mental retardation: The causes, prevention, medical and social treatment, special educational methods, and opportunities for employment, g) train and educate both professional and nonprofessional personnel for work in the field of mental retardation, h) serve as a clearinghouse of information concerning mental retardation and activities on behalf of the mentally retarded in Sabine Parish, I) help foster local, state and national legislation on behalf of mentally retarded citizens.

The Association operates three separate divisions. One, the Adult Habilitation Program, receives funding from the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult day services for a minimum of 44 clients for at least 240 days each year. Two, Sabine Productions, a totally self-supportive sheltered workshop program, generating revenues through contracts with private individuals and companies for the provision of services performed by the members of the workshop. No federal financial assistance of any type is received by Sabine Productions. Three, Group residential services, which operates six (6) group homes for the benefit of mentally handicapped individuals. The purpose of the group homes is to provide for the needs of mentally handicapped individuals in the area of appropriate residential living. The Community Homes receive funding from the United States Department of Health and Human Services, Medical Assistance Program, Title XIX, Medicaid, as administered by the State of Louisiana, Department of Health and Hospitals. The Sabine Association for Retarded Citizens Community Homes division reimburses the Adult Habilitation Program for actual expenses incurred by the program to provide day training and supervision to participating group home residents.

CASH

Consistent with FASB 95, Statement of Cash Flows, The Association defines cash and cash equivalents as not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. When donor stipulations are absent regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS

The Association has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

CONTRIBUTIONS

The Association has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INCOME TAXES

The Sabine Association for Retarded Citizens, Inc., is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

NOTE 2 RESTRICTIONS ON ASSETS

Restrictions on assets at June 30, 1999, relate to vans obtained by the Association through Section 16 of the Federal Transit Act which provides grants for the specific purpose of providing transportation services to elderly and handicapped persons for whom mass transportation services are unavailable, insufficient or inappropriate. The program is administered by the Louisiana Department of Transportation and Development. Disposition of the vehicles must have DOTD approval, must be in conformance with the provisions of OMB Circular A-102, Attachment N and a portion of the funds received must be returned to DOTD in proportion to the original percentage of federal funds contributed.

It is the policy of the Association to amortize the asset restriction over its estimated useful life using the straight-line method.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 3 CASH

At June 30, 1999, the Association had cash totaling \$434,804, as follows:

Petty cash		\$	265
Demand deposit accounts			89,119
Interest bearing accounts			<u>345,420</u>
Total		\$	<u>434,804</u>

At June 30, 1999, the Association had \$445,173 in bank deposits. These deposits were secured from risk by \$266,704 of federal deposit insurance and \$438,186 (market value) of pledged securities held by the custodial banks in the name of the fiscal agent.

NOTE 4 RECEIVABLES

The Sabine Association for Retarded Citizens, Inc., entered into a contract with the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide habilitation programming to a minimum of 44 clients per month during the period July 1, 1998 to June 30, 1999. At the end of each month, a payment requisition is forwarded to the Office of Community Services requesting payment for services provided to clients during the month ended.

The Association received a license from the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide for the needs of clients who are residing in supervised apartments during the period October 1, 1998 to September 30, 1999. At the end of each month, a payment requisition is forwarded to the Office for Citizens with Developmental Disabilities requesting payment for services provided to clients during the month ended.

The Association has also entered into several contractual agreements to provide ground keeping services, janitorial services and contract labor to various local businesses and governmental entities.

At June 30, 1999, receivables, excluding intercompany, consisted of the following:

State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities		\$	201,152
Contracts receivable			92,490
Other			<u>12,261</u>
Total		\$	<u>305,903</u>

NOTE 5 PROPERTY AND EQUIPMENT

All property and equipment are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	15-20 years	Furniture and fixtures	7-10 years
Automobiles	5 years	Machinery and equipment	5-7 years

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)

A summary of property and equipment at June 30, 1999, is presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Land	\$ 46,200	\$ 0	\$ 46,200	\$ 0
Buildings	613,023	146,064	466,959	41,425
Furniture and fixtures	37,902	36,340	1,562	546
Automobiles	168,263	94,081	74,182	25,119
Machinery and equipment	<u>247,032</u>	<u>201,306</u>	<u>45,726</u>	<u>13,889</u>
Total	<u>\$ 1,112,420</u>	<u>\$ 477,791</u>	<u>\$ 634,629</u>	<u>\$ 80,979</u>

The Association's automobiles were partially funded by Urban Mass Transportation Capital Improvement Grants and are subject to the applicable restrictions described in Note 2.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in activities.

NOTE 6 LONG-TERM DEBT

The Sabine Association for Retarded Citizens, Inc. long-term obligations consists of the following:

Community Residential Development Fund Loan - The Association is obligated for the repayment of funds borrowed from the State of Louisiana, Department of Health and Hospitals to start the group homes operated by the Association. Negotiations are continuing to determine the terms and repayment schedule for this obligation.	\$ 32,427
Installment Note (Group Home #3)-\$90,000 Installment note, dated April 18, 1997, due in monthly installments of \$1,140 through April 18, 2007; interest at 9%, secured by home #3.	75,344
Installment Note (Group Home #4)-\$80,000 Installment note, dated April 18, 1997, due in monthly installments of \$1,013 through April 18, 2007; interest at 8%, secured by home #4.	66,968
Installment Note (Group Home #5)-\$80,000 Installment note, dated April 18, 1997, due in monthly installments of \$1,013 through April 18, 2007; interest at 8%, secured by home #5.	66,968
Installment Note (Group Home #6)-\$80,000 Installment note, dated April 18, 1997, due in monthly installments of \$1,013 through April 18, 2007; interest at 8%, secured by home #6.	<u>66,968</u>
Total debt	308,675
Less: Current maturities	<u>(28,351)</u>
Net Long-Term Debt	<u>\$ 280,324</u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 6 LONG-TERM DEBT (CONTINUED)

Scheduled maturities of long-term debt are as follows:

Year Ending <u>June 30,</u>	
2000	\$ 28,351
2001	30,556
2002	33,422
2003	36,289
2004	39,395
Thereafter	<u>140,662</u>
Total	<u>\$ 308,675</u>

NOTE 7 LEASE OBLIGATIONS

The Sabine Association for Retarded Citizens, Inc., is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the Association's financial statements.

The Sabine Association for Retarded Citizens, Inc. rents its premises under an operating lease. The lease is for a one year term ending on November 30, 1999. The lease provides for payments to the lessor of two thousand dollars (\$2,000) each month of occupancy; the cost of which is allocated between the Adult Habilitation Program and other Association programs based upon the area utilized by the respective program.

The Sabine Association for Retarded Citizens, Inc., does not participate in any capital lease arrangements.

NOTE 8 EMPLOYEE RETIREMENT SYSTEM

All employees of the Association are protected by the Social Security System. All employees contribute 6.2% of their total salary to the system, while the Association contributes a like amount. For the year ending June 30, 1999, total contributions to the system were \$139,902, of which the Association contributed \$69,951 and employees contributed \$69,951. Total payroll covered by this system for the year ended June 30, 1999 was \$1,180,000. Any future deficits in this system will be financed by the Federal government. The Association has no further liability to the system.

NOTE 9 COMPENSATED ABSENCES

Association employees are entitled to certain compensated absences based on their length of employment.

<u>FULL TIME EMPLOYMENT</u>	<u>HOURS EARNED PER YEAR</u>
1-3 years	48
3-5 years	72
5-10 years	96
10-15 years	144
Over 15 years	192

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 9 COMPENSATED ABSENCES (CONTINUED)

All leave is accrued on a monthly basis and may be used in increments of less than a full day. A maximum of eighty (80) hours may be carried to the next accounting year. All unused leave in excess of forty (40) hours is forfeited at the end of each accounting year.

NOTE 10 INTERCOMPANY RECEIVABLES AND PAYABLES

A summary of intercompany receivables and payables at June 30, 1999, is as follows:

	Due From Other Units	Due To Other Units
Group Homes	\$ 432,391	\$ 81,994
Adult Habilitation	81,994	0
Shelter workshop	0	432,391
Total	\$ 514,385	\$ 514,385

NOTE 11 LITIGATION

The Sabine Association for Retarded Citizens, Inc. was not involved as a defendant in any litigation at June 30, 1999.

NOTE 12 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Sabine Association for Retarded Citizens, Inc., entered into a contract with the State of Louisiana Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult habilitation services. Transactions of the Association were made in accordance with the requirements contained in Formula Funding and Guidelines for Allowable Costs in Adult Habilitation Services Contracted with the Division of Mental Retardation and Developmental Disabilities. All contract services invoiced under this contract were not recovered under any other contract.

NOTE 13 RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Association.

NOTE 14 CLAIMS AND JUDGEMENTS

The Association participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Association may be required to reimburse the grantor government. Management believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on the Association's overall financial position.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
GROUP HOMES
MANY, LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

ASSETS	
Cash	\$ 287,066
Receivables	
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	168,397
Other	10,245
Due from SARC day programs and sheltered workshops	432,391
Prepaid expenses	3,165
Deposits	25
Community residential development cost	43,399
Property and equipment, net	<u>450,733</u>
 Total Assets	 <u>\$ 1,395,421</u>
 LIABILITIES	
Accounts payable	
Trade	\$ 31,921
Compensation	43,997
Payroll taxes	3,121
Accrued interest	714
Accrued provider fees	10,091
Due to SARC day programs and sheltered workshops	81,994
Long-term debt	<u>308,675</u>
 Total Liabilities	 480,513
 NET ASSETS	
Unrestricted	<u>914,908</u>
 Total Net Assets	 <u>914,908</u>
 Total Liabilities and Net Assets	 <u>\$ 1,395,421</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
GROUP HOMES
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1999

Support		
Medicare	\$	1,619,529
Patient Liability		106,548
Others		<u>8,876</u>
Total Revenues, Gains and Other Support		1,734,953
 Expenses		
Program Services		1,146,010
Management and General		454,601
Intercompany transfers		<u>116,824</u>
Total Expenses		<u>1,717,435</u>
 INCREASE IN NET ASSETS		17,518
 NET ASSETS, Beginning of year		<u>897,390</u>
 NET ASSETS, End of year	\$	<u><u>914,908</u></u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
GROUP HOMES
MANY, LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 17,518
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	38,689
Gain on sale of assets	
(Increase)/decrease in operating assets	
Receivables	5,900
Prepaid expenses	4,487
Increase/(decrease) in operating liabilities	
Accounts payable	
Trade	(2,907)
Compensation	5,038
Payroll taxes	334
Accrued interest	(1,019)
Accrued provider fees	<u>(2,028)</u>
Net Cash Provided By/(Used In) Operating Activities	66,012
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, buildings and equipment	<u>(11,786)</u>
Net Cash Provided By/(Used In) Investing Activities	(11,786)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes payable	(60,420)
Cash paid on behalf of day programs and sheltered workshops	<u>87,600</u>
Net Cash Provided By/(Used In) Financing Activities	<u>27,180</u>
NET INCREASE IN CASH	81,406
CASH, Beginning of year	<u>205,660</u>
CASH, End of year	<u>\$ 287,066</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
GROUP HOMES
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1999

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES			
Salaries	\$ 446,730	\$ 297,395	\$ 744,125
Payroll taxes	33,202	21,636	54,838
Workman's compensation insurance	4,586	8,169	12,755
Employee benefits	<u>8,561</u>	<u>8,587</u>	<u>17,148</u>
Total Compensation and Related Expenses	493,079	335,787	828,866
OCCUPANCY EXPENSES			
Insurance	6,609	368	6,977
Depreciation	31,653	270	31,923
Interest	28,233	823	29,056
Rent	0	29,127	29,127
Repairs and maintenance	27,120	20,195	47,315
Utilities	<u>25,911</u>	<u>14,674</u>	<u>40,585</u>
Total Occupancy Expenses	119,526	65,457	184,983
TRANSPORTATION EXPENSES			
Fuel and oil	12,525	4,147	16,672
Insurance	6,824	2,587	9,411
Lease expense	27,204	0	27,204
Depreciation	<u>0</u>	<u>2,549</u>	<u>2,549</u>
Total Transportation Expenses	46,553	9,283	55,836
OTHER EXPENSES			
<i>Clothing and other personal items</i>	22,681	0	22,681
Dues	167	1,992	2,159
Food	85,497	0	85,497
Insurance	2,766	3,934	6,700
Professional fees	15,948	4,040	19,988
Contract services	109,243	0	109,243
Supplies	34,986	15,591	50,577
Repairs and maintenance	8,108	4,464	12,572
Depreciation	1,761	2,456	4,217
Telephone	2,752	7,053	9,805
Training	0	1,738	1,738
Travel	21	726	747
Licenses	3,690	15	3,705
Postage	0	2,065	2,065
Central office expense	69,452	0	69,452
Provider fees-DHH	124,425	0	124,425
Other	<u>5,355</u>	<u>0</u>	<u>5,355</u>
Total Other Expenses	486,852	44,074	530,926
Total Functional Expenses	<u>\$ 1,146,010</u>	<u>\$ 454,601</u>	<u>\$ 1,600,611</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
ADULT HABILITATION PROGRAM
MANY, LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

	<u>Supported Individual Living</u>	<u>Adult Day Habilitation</u>	<u>Total</u>
ASSETS			
Cash	\$ 19,258	\$ 109,278	\$ 128,536
Receivables			
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	6,246	26,509	32,755
Due from SARC Group Homes	2,495	79,499	81,994
Deposits	0	800	800
Property and equipment, net	<u>0</u>	<u>60,733</u>	<u>60,733</u>
Total Assets	<u>\$ 27,999</u>	<u>\$ 276,819</u>	<u>\$ 304,818</u>
LIABILITIES			
Accounts payable			
Trade	\$ 0	\$ 3,455	\$ 3,455
Compensation	0	15,372	15,372
Payroll taxes	<u>0</u>	<u>1,155</u>	<u>1,155</u>
Total Liabilities	0	19,982	19,982
NET ASSETS			
Unrestricted	27,999	196,104	224,103
Temporarily restricted	<u>0</u>	<u>60,733</u>	<u>60,733</u>
Total Net Assets	<u>27,999</u>	<u>256,837</u>	<u>284,836</u>
Total Liabilities and Net Assets	<u>\$ 27,999</u>	<u>\$ 276,819</u>	<u>\$ 304,818</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
ADULT HABILITATION PROGRAM
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1999

	<u>Supported Individual Living</u>	<u>Adult Day Habilitation</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
Support			
Adult Day Service Fees			
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	\$ 0	\$ 319,406	\$ 319,406
State of Louisiana, Department of Social Services - LRS	0	5,474	5,474
Louisiana Department of Transportation and Development-Grant	0	22,354	22,354
Group Homes	0	239,249	239,249
Supported Independent Living	39,804	0	39,804
Other	0	8,643	8,643
Net Assets Released from Restrictions			
Federal Transit Administration Sec.16 Depreciation on restricted vans	<u>0</u>	<u>15,306</u>	<u>15,306</u>
Total Revenues, Gains and Other Support	39,804	610,432	650,236
Expenses			
Program Services	26,980	419,853	446,833
Management and General	415	115,613	116,028
Intercompany Transfers	<u>11,923</u>	<u>57,785</u>	<u>69,708</u>
Total Expenses	<u>39,318</u>	<u>593,251</u>	<u>632,569</u>
Increase in Unrestricted Net Assets	486	17,181	17,667
TEMPORARILY RESTRICTED NET ASSETS			
Federal Transit Administration Sec. 16			
Current year depreciation	<u>0</u>	<u>(15,306)</u>	<u>(15,306)</u>
Increase/(Decrease) in Temporarily Restricted Net Assets	<u>0</u>	<u>(15,306)</u>	<u>(15,306)</u>
INCREASE IN NET ASSETS	486	1,875	2,361
NET ASSETS, Beginning of year	<u>27,513</u>	<u>254,962</u>	<u>282,475</u>
NET ASSETS, End of year	<u>\$ 27,999</u>	<u>\$ 256,837</u>	<u>\$ 284,836</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
ADULT HABILITATION PROGRAM
MANY, LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 2,361
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	18,709
Gain on sale of assets	(3,000)
(Increase)/Decrease in operating assets	
Receivables	(3,585)
Prepaid expenses	9,580
Increase/(decrease) in operating liabilities	
Accounts payable	
Trade	941
Compensation	1,549
Payroll taxes	<u>476</u>
Net Cash Provided By/(Used In) Operating Activities	27,031
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(32,936)
Proceeds from sale of assets	<u>3,000</u>
Net Cash Provided By/(Used In) Investing Activities	(29,936)
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash received from group homes	<u>20,480</u>
Net Cash Provided By/(Used In) Financing Activities	<u>20,480</u>
NET INCREASE IN CASH	17,575
CASH, Beginning of year	<u>110,961</u>
CASH, End of year	<u>\$ 128,536</u>

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
ADULT HABILITATION PROGRAM
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1999

	<u>Program Services</u>			<u>Management and General</u>	<u>Total</u>
	<u>Supported Individual Living</u>	<u>Adult Day Habilitation</u>	<u>Program Services</u>		
COMPENSATION AND RELATED EXPENSES					
Salaries	\$ 0	\$ 263,474	\$ 263,474	\$ 22,150	\$ 285,624
Payroll taxes	0	19,663	19,663	1,630	21,293
Workman's compensation insurance	0	0	0	13,233	13,233
Employee benefits	0	7,489	7,489	341	7,830
Total Compensation and Related Expenses	0	290,626	290,626	37,354	327,980
TRANSPORTATION EXPENSES					
Fuel and oil	0	18,135	18,135	0	18,135
Insurance	0	0	0	5,319	5,319
Depreciation	0	18,687	18,687	0	18,687
Total Transportation Expenses	0	36,822	36,822	5,319	42,141
OTHER EXPENSES					
Insurance	0	0	0	657	657
Professional fees	0	0	0	13,506	13,506
Repair & maintenance	0	718	718	0	718
Supplies	2	32	34	0	34
Depreciation	0	0	0	22	22
Travel	0	0	0	12	12
Telephone	0	0	0	987	987
Training	0	0	0	10	10
Central office expense	26,978	91,655	118,633	58,161	176,794
Total Other Expenses	26,980	92,405	119,385	73,355	192,740
Total Functional Expenses	<u>\$ 26,980</u>	<u>\$ 419,853</u>	<u>\$ 446,833</u>	<u>\$ 116,028</u>	<u>\$ 562,861</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
SHELTERED WORKSHOP
MANY, LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

	<u>Rental</u>	<u>Mobile</u>	<u>Sabine</u>	<u>Sabine</u>	<u>Woodshop</u>	<u>Total</u>
	<u>Building</u>	<u>Crew</u>	<u>Car Care</u>	<u>Production</u>		
				<u>Center</u>		
ASSETS						
Cash	\$ 0	\$ 0	\$ 65	\$ 19,137	\$ 0	\$ 19,202
Accounts receivable	0	18,388	2,179	2,836	69,087	92,490
Other receivable	0	1,967	0	49	0	2,016
Inventory	0	0	2,569	7,699	24,727	34,995
Deposits	0	0	310	0	330	640
Property and equipment, net	<u>60,058</u>	<u>10,219</u>	<u>5,388</u>	<u>0</u>	<u>47,498</u>	<u>123,163</u>
Total Assets	<u>\$ 60,058</u>	<u>\$ 30,574</u>	<u>\$ 10,511</u>	<u>\$ 29,721</u>	<u>\$ 141,642</u>	<u>\$ 272,506</u>
LIABILITIES						
Accounts payable						
Trade	\$ 706	\$ 7,733	\$ 1,912	\$ 442	\$ 5,601	\$ 16,394
Compensation	0	1,493	410	678	807	3,388
Payroll taxes	0	114	31	52	62	259
Property taxes	375	75	60	110	800	1,420
Commissions	0	0	0	0	1,380	1,380
Due to SARC Group Homes	<u>5,719</u>	<u>5,871</u>	<u>12,015</u>	<u>265,700</u>	<u>143,086</u>	<u>432,391</u>
Total Liabilities	6,800	15,286	14,428	266,982	151,736	455,232
NET ASSETS						
Unrestricted/(deficit)	<u>53,258</u>	<u>15,288</u>	<u>(3,917)</u>	<u>(237,261)</u>	<u>(10,094)</u>	<u>(182,726)</u>
Total Net Assets	<u>53,258</u>	<u>15,288</u>	<u>(3,917)</u>	<u>(237,261)</u>	<u>(10,094)</u>	<u>(182,726)</u>
Total Liabilities and Net Assets	<u>\$ 60,058</u>	<u>\$ 30,574</u>	<u>\$ 10,511</u>	<u>\$ 29,721</u>	<u>\$ 141,642</u>	<u>\$ 272,506</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
SHELTERED WORKSHOP
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1999

	<u>Rental Building</u>	<u>Mobile Crew</u>	<u>Sabine Car Care</u>	<u>Production Center</u>	<u>Woodshop</u>	<u>Total</u>
UNRESTRICTED NET ASSETS						
Support						
Contract work	\$ 0	\$ 107,037	\$ 64,876	\$ 99,821	\$ 183,087	\$ 454,821
Rentals	13,250	0	0	0	0	13,250
Intercompany transfers	0	1,420	14,928	47,202	129,129	192,679
Other	<u>2,040</u>	<u>25</u>	<u>44</u>	<u>1,586</u>	<u>709</u>	<u>4,404</u>
Total Revenues, Gains, and Other Support	15,290	108,482	79,848	148,609	312,925	665,154
Expenses						
Program Services	8,512	102,177	71,137	98,916	222,382	503,124
Management and general	3,681	9,764	7,622	3,732	8,917	33,716
Intercompany transfers	<u>6,147</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,147</u>
Total Expenses	<u>18,340</u>	<u>111,941</u>	<u>78,759</u>	<u>102,648</u>	<u>231,299</u>	<u>542,987</u>
INCREASE/(DECREASE) IN NET ASSETS	(3,050)	(3,459)	1,089	45,961	81,626	122,167
NET ASSETS/(DEFICIT), Beginning of year	<u>56,308</u>	<u>18,747</u>	<u>(5,006)</u>	<u>(283,222)</u>	<u>(91,720)</u>	<u>(304,893)</u>
NET ASSETS/(DEFICIT), End of year	<u>\$ 53,258</u>	<u>\$ 15,288</u>	<u>\$ (3,917)</u>	<u>\$ (237,261)</u>	<u>\$ (10,094)</u>	<u>\$ (182,726)</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
SHELTERED WORKSHOP
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	\$ 122,167
Change in net assets	
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities	23,581
Depreciation	
(Increase)/decrease in operating assets	(10,088)
Receivables	(987)
Inventory	
Increase/(decrease) in operating liabilities	
Accounts payable	(4,812)
Trade	(91)
Compensation	(7)
Payroll taxes	(174)
Property taxes	(1,376)
Commissions payable	(1,376)
Net Cash Provided By/(Used In) Operating Activities	128,213
CASH FLOWS FROM INVESTING ACTIVITIES	(5,970)
Purchase of equipment	(5,970)
Net Cash Provided By/(Used In) Investing Activities	(5,970)
CASH FLOWS FROM FINANCING ACTIVITIES	(108,080)
Cash received from group homes	(108,080)
Net Cash Provided By/(Used In) Financing Activities	(108,080)
NET INCREASE IN CASH	14,163
CASH, Beginning of year	5,039
CASH, End of year	<u>\$ 19,202</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
SHELTERED WORKSHOP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>PROGRAM SERVICES</u>						<u>Total</u>
	<u>Rental Building</u>	<u>Mobile Crew</u>	<u>Sabine Car Care</u>	<u>Sabine Production Center</u>	<u>Woodshop</u>	<u>Program Services</u>	
COMPENSATION RELATED EXPENSES							
Salaries	\$ 0	\$ 58,211	\$ 28,616	\$ 31,041	\$ 32,383	\$ 150,251	\$ 0
Payroll taxes	0	4,453	2,189	2,402	2,520	11,564	0
Workman's compensation insurance	0	0	0	0	0	0	8,288
Total Compensation and Related Expenses	0	62,664	30,805	33,443	34,903	161,815	8,288
OCCUPANCY EXPENSES							
Depreciation	3,843	0	2,194	391	3,598	10,026	0
Insurance	0	0	0	0	0	0	2,730
Property taxes	0	0	0	0	0	0	2,685
Repairs and maintenance	324	0	171	937	2,156	3,588	0
Utilities	3,891	0	482	0	4,027	8,400	0
Total Occupancy Expenses	8,058	0	2,847	1,328	9,781	22,014	5,415
TRANSPORTATION EXPENSES							
Depreciation	0	3,825	0	0	58	3,883	0
Fuel and oil	0	6,238	0	0	1,611	7,849	0
Insurance	0	0	0	0	0	0	4,215
Total Transportation Expenses	0	10,063	0	0	1,669	11,732	4,215
OTHER EXPENSES							
Bad debt	0	523	45	0	0	568	0
Central office expense	\$ 454	\$ 0	\$ 620	\$ 5,100	\$ 4,264	\$ 10,438	\$ 0

The notes to the financial statements are an integral part of this statement.

SCHEDULE 12

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
SHELTERED WORKSHOP
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

	<u>PROGRAM SERVICES</u>							<u>Total</u>
	<u>Rental Building</u>	<u>Mobile Crew</u>	<u>Sabine Car Care</u>	<u>Sabine Production Center</u>	<u>Woodshop</u>	<u>Program Services</u>	<u>Management and General</u>	
OTHER EXPENSES (CONTINUED)								
Contract services	\$ 0	\$ 0	\$ 0	\$ 866	\$ 1,125	\$ 1,991	\$ 0	\$ 1,991
Client recreation	0	0	0	2,621	0	2,621	0	2,621
Commissions	0	0	0	524	5,979	6,503	0	6,503
Depreciation	0	4,256	1,310	0	4,106	9,672	0	9,672
Dues	0	0	0	0	167	167	0	167
Leases	0	0	154	0	992	1,146	0	1,146
Insurance	0	0	0	0	0	0	3,812	3,812
Interest	0	0	0	0	0	0	1,669	1,669
Materials	0	0	0	44,674	143,624	188,298	0	188,298
Professional fees	0	0	0	0	0	0	7,252	7,252
Repairs and maintenance	0	15,146	1,191	512	8,982	25,831	0	25,831
Supplies	0	5,230	30,746	1,334	2,458	39,768	0	39,768
Telephone	0	0	0	0	0	0	1,307	1,307
Food	0	4,295	3,302	8,514	4,332	20,443	0	20,443
License	0	0	117	0	0	117	0	117
Other	0	0	0	0	0	0	1,758	1,758
Total Other Expenses	<u>454</u>	<u>29,450</u>	<u>37,485</u>	<u>64,145</u>	<u>176,029</u>	<u>307,563</u>	<u>15,798</u>	<u>323,361</u>
Total Functional Expenses	<u>\$ 8,512</u>	<u>\$ 102,177</u>	<u>\$ 71,137</u>	<u>\$ 98,916</u>	<u>\$ 222,382</u>	<u>\$ 503,124</u>	<u>\$ 33,716</u>	<u>\$ 536,840</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
SCHEDULE OF COMPENSATION TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1997

<u>BOARD MEMBER</u>	<u>Meetings Attended</u>	<u>Compensation</u>
Pete Abington	10	\$ 0
Dennis Bishop	7	0
Kenneth Freeman	6	0
Kathreen Green	7	0
Mary Hariel	9	0
Gene Hubley	7	0
Anna Lites	11	0
Gloria Ruffin	4	0
Marguerite Spears	10	\$ 0

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JAY H. SHEFFIELD, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Sabine Association for Retarded Citizens, Inc.
Many, Louisiana 71449

We have audited the financial statements of the Sabine Association for Retarded Citizens, Inc., as of and for the year ended June 30, 1999, and have issued our report thereon dated November 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Sabine Association for Retarded Citizens' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sabine Association for Retarded Citizens' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Sabine Association for Retarded Citizens' management and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties.

Hines, Jackson & Hines

Natchitoches, Louisiana

November 17, 1999

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED
JUNE 30, 1999

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.
MANY, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED
JUNE 30, 1999

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.